14 August 2014

ASX Release **ASX Code: CXX, CXXO**

INITIAL DRILLING CONFIRMS RESOURCE EXTENSION

Highlights

- **Results from holes PHDH014 and PHDH015 successfully test northern extent of mineralisation**
  - PHDH014 - **66m at 0.4% Nb_2O_5** (equivalent to 1.9 g/t gold or 1.1% copper)[1]
  - PHDH015 **– 121m at 0.38% Nb_2O_5** (equivalent to 1.8 g/t gold or 1.1% copper)[1]
- **Results from PHDH014 triples the depth extent of known mineralisation on the section drilled**
- **Results from PHDH015 equals or betters the mineralisation seen from surrounding historical holes**

Cradle Resources Limited (ASX: CXX, CXXO) is pleased to announce that assay results have been received and validated from the first 2 holes of a 78 hole drill program at Cradle's Panda Hill Niobium Project in Tanzania (see Figures 1 to 3).

Hole PHDH014 intersected multiple zones of niobium mineralisation with intercepts triple the width used to define the 2013 resource (see Figures 1 and 2).

Significant intercepts from these 2 holes include:

- 66m (from 0m) at 0.4% Nb_2O_5 (PHDH014) including:
  - 15m at 0.61% Nb_2O_5 (equivalent to 2.9 g/t gold or 1.7 % copper)[1]; and
  - 16m at 0.47% Nb_2O_5 (equivalent to 2.3 g/t gold or 1.3 % copper)[1]
- 121m (from 10m) at 0.38% Nb_2O_5 (PHDH015) including:
  - 33m at 0.51% Nb_2O_5 (equivalent to 2.4 g/t gold or 1.4 % copper)[1]
  - 24m at 0.52% Nb_2O_5 (equivalent to 2.5 g/t gold or 1.5 % copper)[1]
  - 7m at 0.47% Nb_2O_5; and

Further details of the significant intersections are summarised in Table 1.

[1] The metal equivalent grades are shown to illustrate Nb_2O_5 grade data relative to more traditional commodities to aid in the interpretation of the results and are not intended to indicate the presence of Au or Cu credits. Au and Cu equivalent grades have been based upon spot prices of US$1,320/oz and US$7,200/t respectively and a Nb metal price of $40/kg. A recovery factor of 65% for Niobium, 90% for gold and 90% for copper has been used for this comparison. The Niobium recovery is based upon initial testwork reported by Cradle Resources in January 2014. The formula used to estimate the metal equivalents is (A x B x C x Ra)/ (D x Rd). Where A = Nb_2O_5 grade, B is the Nb_2O_5 to Nb oxide conversion (1/1.43), C is the Niobium price per Kg, Ra is the estimated niobium recovery, D is the comparison metal price unit, and Rd is the estimated comparison metal recovery.

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The niobium mineralisation was encountered within both carbonatite and weathered lithologies. The niobium analysis has been undertaken by SGS Johannesburg using the XRF Borate fusion process. Cradle adheres to industry best-practice in conducting QAQC procedures by inserting blanks and certified niobium standards at a rate of 1:20 samples. The QAQC data for the Project has been reviewed by Cradle's Competent Person, Mr Neil Inwood.

Representative metallurgical samples have been previously been sent to SGS Lakefield in Canada with testwork results announced in early 2014.

Grant Davey, the Managing Director of Cradle, commented: *"An encouraging result with these initial holes showing thicker zones of mineralisation at equivalent or higher grades than historic holes drilled in this area. Our drill program in this region is targeting zones of mineralisation predominantly in fresh carbonatite, in respect of which we expect to achieve above average recoveries. What appears to be significant is the extent of the fresh, higher recovery ore types in this northern zone with mapping indicating that this zone could extend at least 150 metres further north."*

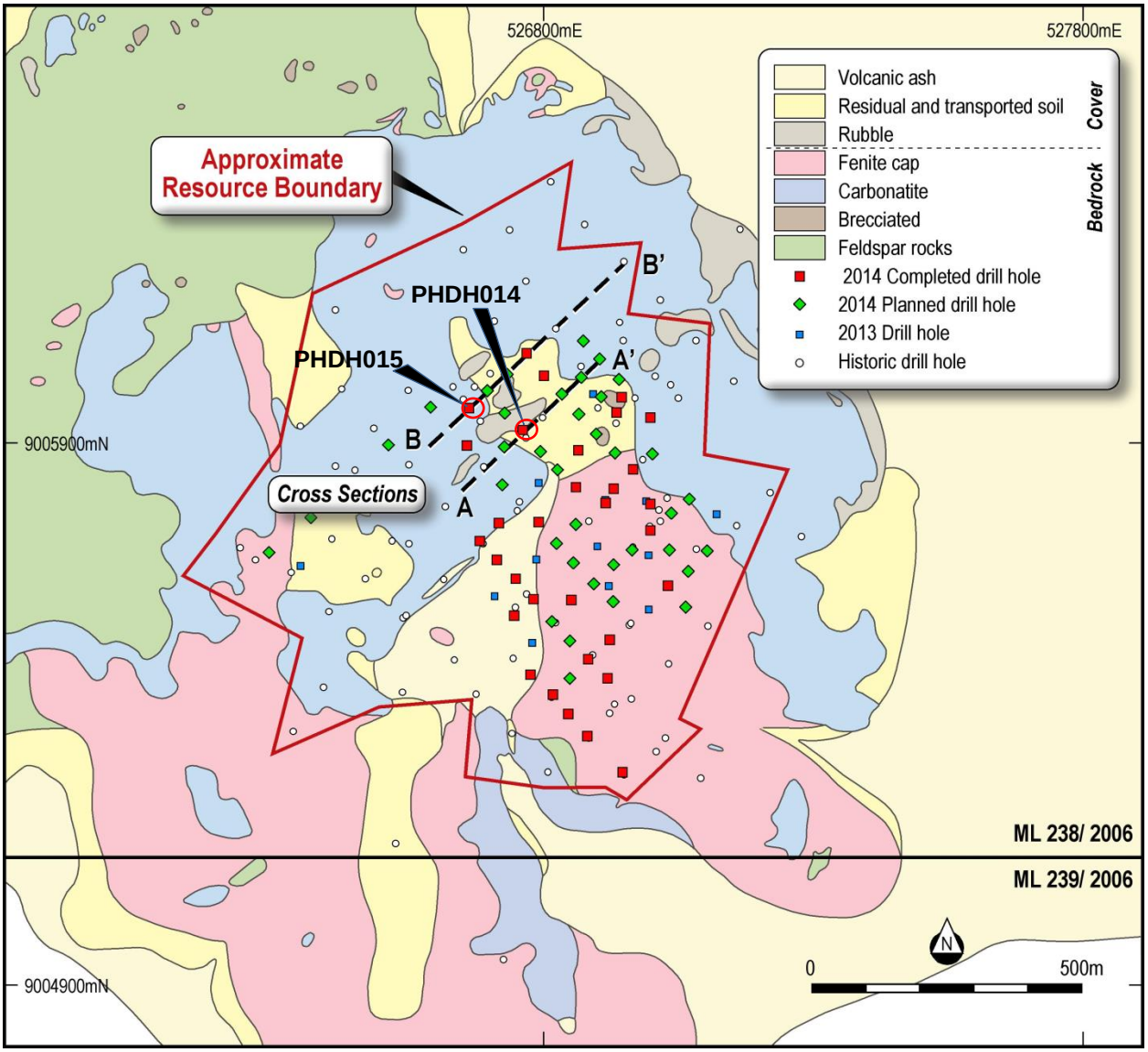

Figure 1: Local geology of Panda Hill showing the location of the 2013 drill holes (red).

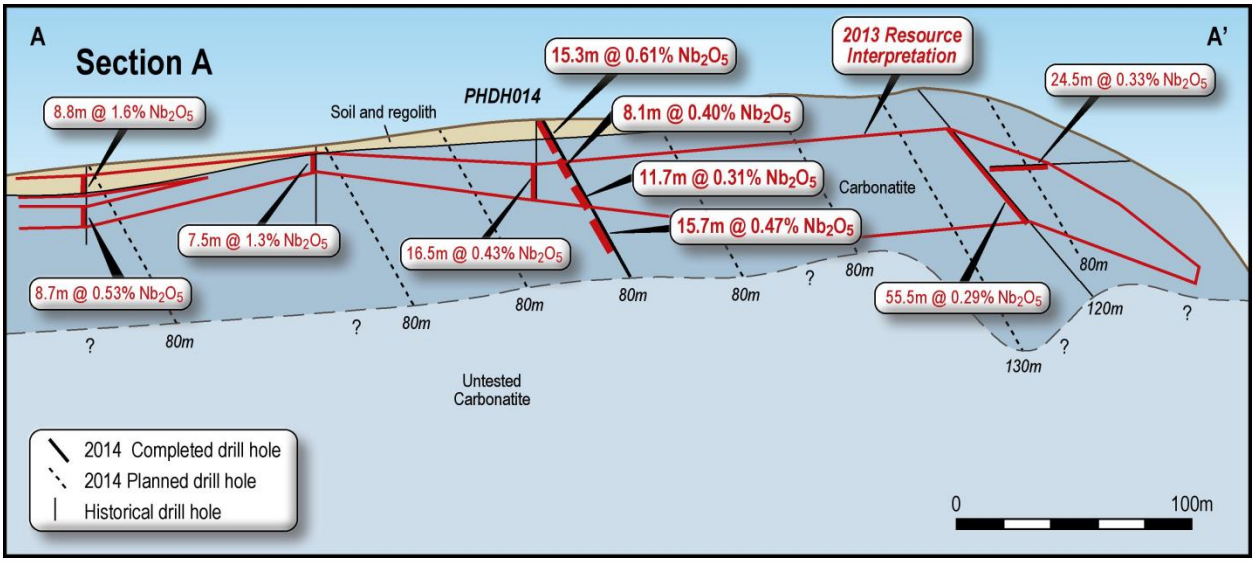

Figure 2: Section A with 2014 drill holes (thick black lines) showing received laboratory significant intercepts (PHDH014), planned holes (dashed lines) and historical drill holes (black lines). The 2013 resource boundary is shown as the red dashed line.

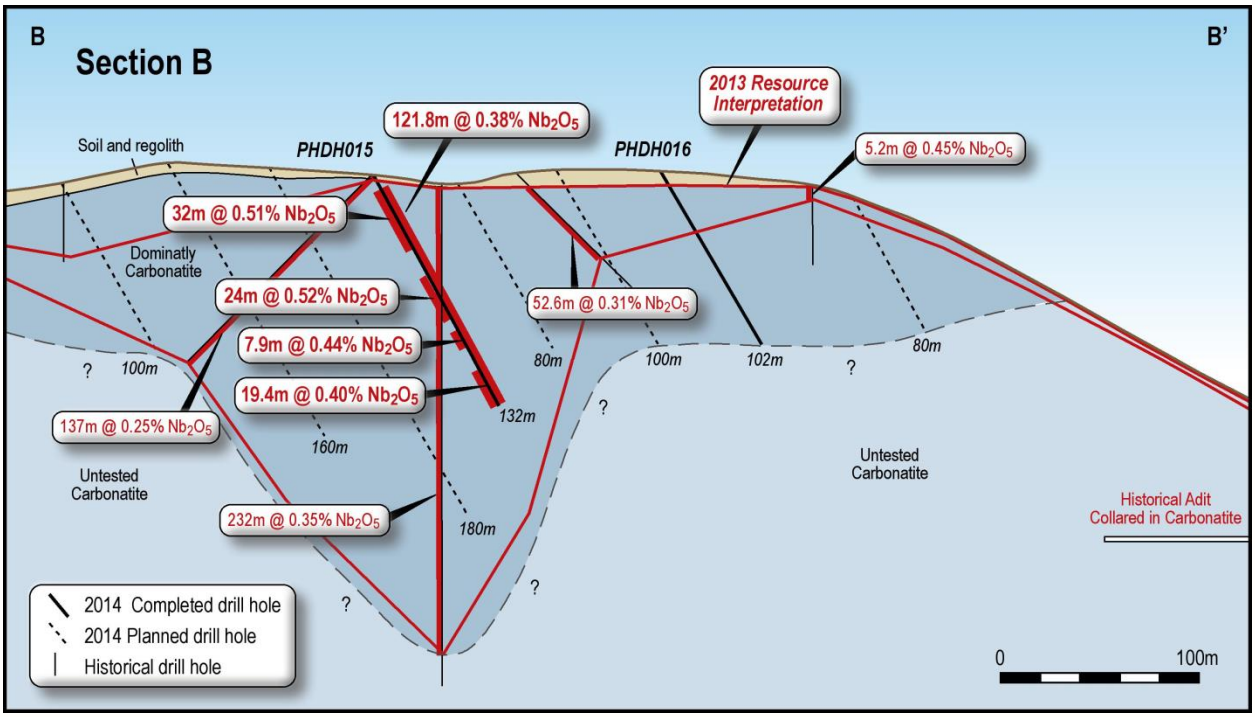

Figure 3: Section B with 2014 drill holes (thick black lines) showing received laboratory significant intercepts (PHDH015), planned holes (dashed lines) and historical drill holes (black lines). The 2013 resource boundary is shown as the red dashed line.

Table 1 - Panda Hill Niobium Project Detailed Significant Intercepts as of 12 August 2014									
Hole ID	Easting	Northing	RL	EOH Depth	Dip	Azimuth	From	Length	Nb_2O_5 (%)
PHDH014	526938	9005825	1550	81.2	-60	060	0	15.35	0.61
							18.97	8.08	0.4
							32.27	11.73	0.31
							50.43	15.67	0.47
PHDH015	526869	9005827	1532	131.2	-60	060	10.15	32.55	0.51
							57.5	23.95	0.52
							86.3	7.9	0.44
							111.75	19.45	0.4
Note: The major intercepts have been tabulated above a nominal 0.35% Nb_2O_5 lower cut-off and less than 4m internal dilution.									

Project Background

The Panda Hill Project (Figure 4) is located in the Mbeya region in south western Tanzania approximately 650km west of the capital Dar es Salaam. The industrial city of Mbeya is situated only 35km from the Project area and will be a significant service and logistics centre for the Project. Mbeya has a population of approximately 280,000 people, located on the main highway to the capital Dar es Salaam and is completing the construction of a new international airport.

The Project is covered by three granted Mining Licences (Figure 4) totalling 22.1km^2, and has excellent access to infrastructure, with existing roads, rail, airports and 220kV power available in close proximity to the Project area. The three granted Mining Licenses are due for renewal in November 2016 and under Tanzanian mining legislation can be renewed for a further 10 year period on completion of the approved work programs on the Project.

The Panda Hill carbonatite intrusion has been subject to multiple phases of exploration work since the 1950s. This work has targeted the Niobium and Phosphate endowment of the deposit. From 1953 to 1965, the Geological Survey of Tanzania (GST) undertook mapping, diamond drilling and trenching (17 diamond holes for 1,405m) to assess the Niobium and Phosphate potential of the deposit.

From 1954 to 1963, the MBEXCO joint venture was formed between N. V. Billiton Maatschapij (Billiton) and Colonial Development Corporation, London. MBEXCO drilled 66 diamond holes for 3,708m, excavated numerous pits, sunk two shafts and undertook trial mining and constructed a trial gravity and flotation plant on site. Concentrate from site was sent to Holland for further processing, with positive early metallurgical test-work results noted.

From 1978 to 1980 a Yugoslavian State Enterprise (RUDIS) undertook a joint study in collaboration with the Tanzanian Mining Industrial Association and State Mining Corporation (STAMICO). This work included mapping, diamond drilling and pitting (13 diamond holes for 1,306m) to test the Niobium endowment of the deposit. Detailed reports have been secured from this program.

Cradle Resources completed a 13 hole (1703m) diamond drilling programme in September 2013. This confirmed historical information and enabled Cradle to produce an updated Indicated and Inferred resources estimate. The initial independent Scoping Study undertaken was supported by a Board decision to progress the Project to a definitive feasibility study level.

Cradle Resources entered into a project funding agreement with Tremont through which Tremont is able to acquire 50% of the Project by investing US$20 million to be used towards the definitive feasibility study as well as the initial project development costs. Tremont is an African focussed mining platform backed by Denham Capital, a leading energy and resources global private equity firm. Pangea Exploration, advisors to Tremont, is based in South Africa and led by Rob Still. Over the last 25 years Pangea's team of technical and commercial experts have developed in excess of 16 projects in Southern and Eastern Africa at various stages of project de-risking from exploration through to development and operations, in a variety of commodities including gold, vanadium, copper, titanium and coal.

In November 2011 Tremont raised US$200 million from Denham Capital to establish an African Mining Platform to target a wide range of opportunities in Africa. Denham has over US$7.9 billion of invested and committed capital in the metals and mining, oil and gas, and power sectors.

Cradle Resources expects to complete a definitive feasibility study by 3rd Quarter 2015. The Pre-feasibility Study phase is well underway with completion on track for 1st Quarter 2015.

Panda Hill Niobium Resource

The Panda Hill Niobium Project has a global Inferred Resource of 81.8Mt @ 0.52% Nb_2O_5 (above a 0.3% Nb_2O_5 lower cut-off (see Table 2). The Resource was last updated in October 2013 by Coffey Mining and is currently the focus of an infill drilling program to increase the endowment of Indicated Resources (currently 3.2Mt @ 0.52% Nb_2O_5). The 2014 field program is expected to produce a resource with a refined lithological and grade model.

The 2013 resource was based upon information from 13 diamond holes drilled by Cradle in 2003 and 96 historical diamond holes. Lithological and niobium grade information derived from the diamond holes were used to define two broad categories of resource type: Weathered Carbonate and Primary Carbonatite. The resource was constrained within a 3D wireframe based upon a nominal 0.2% Nb_2O_5 lower cut off. Ordinary Kriging was used to estimate Nb_2O_5 using 2m down-hole composites with a 2.5% Nb_2O_5 upper cut applied.

Combined Carbonatite			
Classification	**Mt**	**Nb_2O_5%**	**Nb_2O_5 Content (kt)**
Inferred	76.4	0.51	390
Indicated	5.4	0.62	33
Total	**81.8**	**0.52**	**423**
Weathered Carbonatite (Secondary)			
Classification	**Mt**	**Nb_2O_5%**	**Nb_2O_5 Content (kt)**
Inferred	8.6	0.81	69
Indicated	2.1	0.77	16
Total	**10.7**	**0.80**	**86**
Primary Carbonatite			
Classification	**Mt**	**Nb_2O_5%**	**Nb_2O_5 Content (kt)**
Inferred	67.8	0.47	319
Indicated	3.2	0.52	17
Total	**71.1**	**0.47**	**336**

Notes:

- The Panda Hill Project is located in south-western Tanzania, approximated 26km south-west of the town of Mbeya.
- Niobium mineralisation occurs in pyrochlore (and minor columbite) and is hosted by the Panda Hill carbonatite complex.
- The deposit is covered by diamond drill holes on a nominal 100m x 100m NE-SW oriented grid. The majority of the drill holes are vertical, with a small percentage being horizontal, drilled into the side of the hill, and the remaining holes ranging in dip from -45° to -75°. Most of the drilling was carried out in the 1950s and 1970s. Cradle Resources have drilled 13 new diamond drill holes to verify the thickness and tenor of niobium mineralisation in the historic drill holes.
- Validated data from 92 diamond drill holes has been used in the resource estimate.
- Drill-hole data was used to create wireframes of the mineralisation utilising a 0.2% Nb_2O_5 lower cut-off. The mineralisation was divided into a zone of weathered carbonatite material and a zone of primary carbonatite material. The distinction between weathered and primary material was based on drill hole logging data.
- Nb_2O_5 assays obtained from XRF Borate fusion were used in the estimation.
- QAQC consists of the insertion of certified standards and blanks into the sampling stream. A comparison was also conducted between XFR Borate fusion method and ICPMS method for 145 samples. Both methods were done by SGS Johannesburg. There is a very tight correlation between the two methods below 1% Nb_2O_5 (the upper detection limit of the ICPMS method). No potential problems were highlighted by the QAQC and the data is considered to be of sufficient standard for use in the Resource estimation.
- Recent drilling was sampled on a nominal 1m length based on geological units, though samples may be up to 3m in length in consistent non-mineralised material. Historic drilling was also sampled on geological units, with sample intervals commonly being 3 feet (0.9m) or 5m in length. The database contained several drill holes with exceedingly long intervals/one interval assigned to the entire drill hole. These were removed from the database for the Resource estimation. The raw assay data have been composited to 2m intervals for the resource estimate.
- Statistical analyses were completed on the raw sample data and the 2m composite data. A top cut of 2.5% Nb_2O_5 was applied to the weathered carbonatite material and a top cut of 2.0% Nb_2O_5 was applied to the primary carbonatite material.
- Due to the long sample intervals in the historic data, a down hole correlogram was modelled using only the 2013 drill holes to obtain the nugget variance. This was used in conjunction with directional correlograms to create the correlogram model for the primary carbonatite. An omnidirectional model was applied to the weathered zone.
- Grade estimates were generated for parent blocks of size 25m (X) by 25m (Y) by 5m (Z) with sub-blocks of size 5m x 5m x 1m. The estimation method used was Ordinary Kriging (OK).
- In situ dry bulk densities were assigned on the basis of measurements collected from the 2013 drill core using the calliper method. 667 measurements were collected from primary carbonatite material, with a mean value of 2.77 t/m^3 and 189 measurements were collected from weathered carbonatite material, with a mean value of 2.24 t/m^3. These average values were multiplied by a factor of 96.3% to account for the 3.7% volume of voids/cavities intersected in drilling. The factored bulk density values applied to the primary and weathered zones of the block model are 2.67t/m^3 and 2.16t/m^3 for primary and weathered material respectively.
- Resource classification was developed from the confidence levels of key criteria including drilling methods, geological understanding and interpretation, sampling, data density and location, grade estimation and quality of the estimates.

Table 2 - In Situ Mineral Resource (October 2013) using Preferred Cut-off (0.3%)

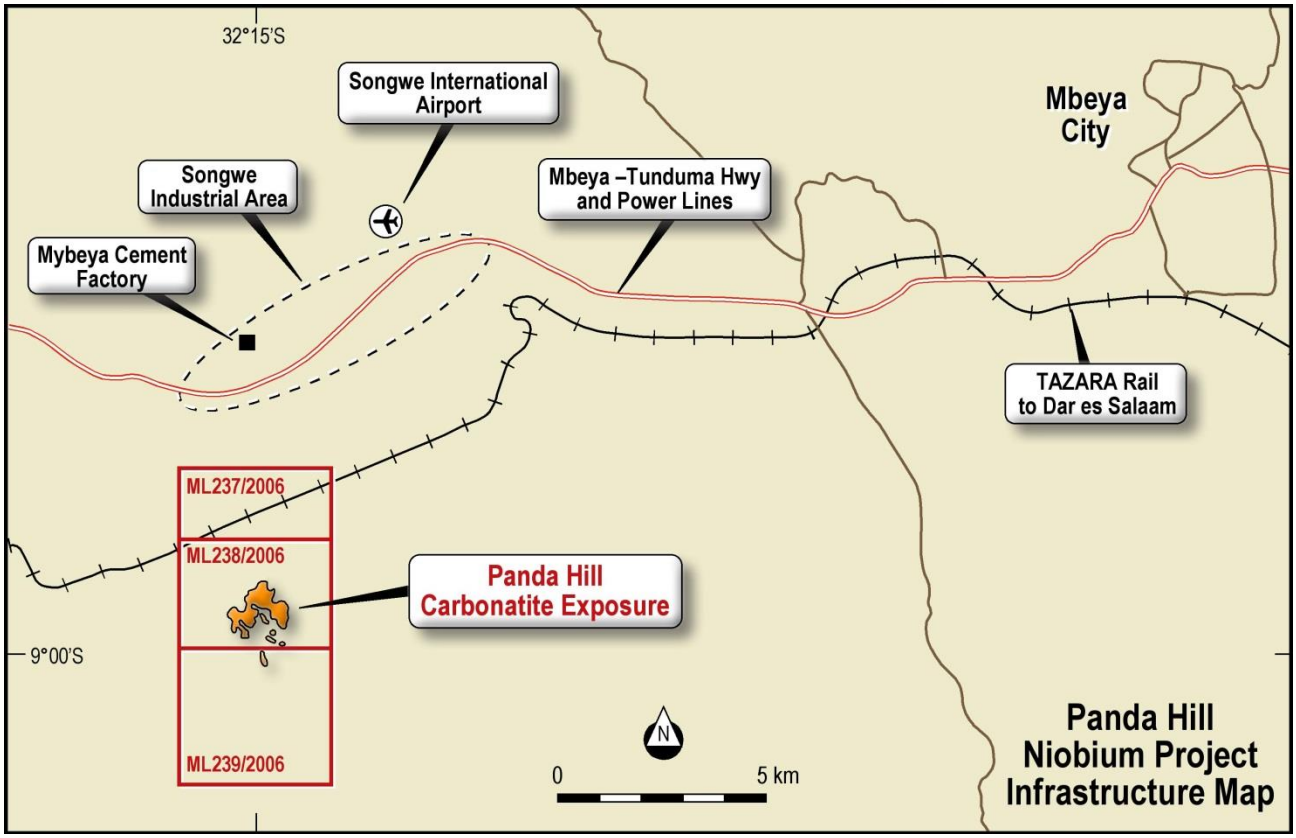

Figure 4: Location of the Project Tenure and Surrounding Infrastructure

By order of the Board

Competent Person's Statement

The information in this document that relates to Exploration Results and Resources is based on information compiled or reviewed by Mr Neil Inwood who is a Fellow of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Inwood is a full time employee of Verona Capital Pty Ltd. Mr Inwood has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Inwood consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

The information relating to the Mineral resource is extracted from the report entitled 'Substantial Upgrade to Panda Hill Resource' created on 8th November 2013 and is available to view on www.cradleresources.com.au. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.'

For further information, please visit www.cradleresources.com.au or contact:

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The following extract from the JORC Code 2012 Table 1 is provided for compliance with the Code requirements for the reporting of exploration results.

Section 1 Sampling Techniques and Data

Criteria	JORC Code Explanation	Commentary
Sampling techniques	▪ Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling. ▪ Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. ▪ Aspects of the determination of mineralisation that are Material to the Public Report. ▪ In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1m samples from which 3kg was pulverised to produce a 30g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.	• Sample intervals for the 2014 drill core were based on lithological units. Care was taken not to mix different lithologies or weathering types. Sample intervals were nominally 1m length but range from 0.3m to a maximum of 1.5m in barren uniform material. Sample lengths are kept to 1m in mineralised material if possible. • Quarter core samples were taken from the HQ and ½ core from NQ core for assaying. Competent core was cut using a core saw. Friable material was carefully sampled by hand. • RC Samples are split using a cone splitter into 1m samples, then a combined 2m compiste is taken using a riffles splitter. RC sample weights are approximately 2kg. • Samples were dispatched to the SGS preparation laboratory in Mwanza, Tanzania, for crushing and pulverising to 85% passing 75 µm. Pulps were then sent to SGS Johannesburg, South Africa, for niobium assay by XRF Borate Fusion. • A calibrated hand-held Niton XRF analyser is used to aid in mineralisation identification.
Drilling techniques	▪ Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).	• Drilling was conducted by Capital Drilling. Drilling typically started in HQ3 core to allow for safe collaring and to capture sufficient material for metallurgical test work. When difficult drilling conditions were encountered, the HQ rods were left as casing to allow for continuation of drilling using NQ rods. HQ and NQ core is typically taken. • RC Drilling is by a Schram 450 rig drilling with a y a 5.5" diameter bit typically and a 900cfm compressor. No booster compressor was required for RC drilling. • Core orientation is with the reflex orientation tool.
Drill sample recovery	▪ Method of recording and assessing core and chip sample recoveries and results assessed. ▪ Measures taken to maximise sample recovery and ensure representative nature of the samples. ▪ Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	• Core recovery is measured as a % and any cavities or missing intervals are recorded. • Recovery was generally high for all core. Up to 4% voids are reported in some regions. • RC recovery is recorded by visual estimation of recovered sample bags and by weighing all sample rejects from the splitter. Recovery is generally of good quality.
Logging	▪ Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies. ▪ Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography. ▪ The total length and percentage of the relevant intersections logged.	• Logging of the 2014 drillholes included recording of lithological contacts, weathering contacts, vein/dyke orientations, and the orientation of any observed flow banding. Structural measurements (alpha and beta and dip/strike) were Wet and dry core photos were taken. All core was logged. • Geotechnical logging was completed for all holes by a geotechnical engineer. RQDs, defects, weathering, strength, infill, and jointing were recorded. • Logging is of sufficient quality for current studies.
Sub-sampling techniques and sample preparation	▪ If core, whether cut or sawn and whether quarter, half or all core taken. ▪ If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry. ▪ For all sample types, the nature, quality and appropriateness of the sample preparation technique. ▪ Quality control procedures adopted for all sub-sampling stages to maximise representivity of	• For the 2014 drilling, half core samples were sent to SGS Vancouver for metallurgical testing and quarter core samples were sent to SGS Johannesburg after being sent to SGS Mwanza (Tanzania) for preparation. • All sampling was carefully supervised. Ticket books were used with prenumbered tickets placed in then sample bag and core tray double checked against the ticket stubs to guard against sample mix ups. • One metre lengths of quarter HQ and ½ NQ core is considered

Criteria	JORC Code Explanation	Commentary
	samples. ▪ Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling. ▪ Whether sample sizes are appropriate to the grain size of the material being sampled.	sufficient to provide an adequately representative sample for assaying. • Whilst field duplicates were not submitted, a program of coarse reject duplicates is planned. • RC field duplicates are taken.
Quality of assay data and laboratory tests	▪ The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. ▪ For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. ▪ Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	• Coffey conducted an inspection of the Johannesburg laboratory during a site visit in August 2013 and found the laboratory to be of industry standard with no problems noted. • Matrix matched standards are inserted every 20 samples on sample numbers ending in 0 (eg *00, *20, *40 etc). Eight different standards were used. Approximately 10g of standard was used for the XRF Borate fusion analysis samples (note: borate fusion only used ~4g of pulp). Standards were either supplied pre=packaged or were measured into a small paper bag so the standards were not blind. • Blanks were inserted at a 1:50 ratio (i.e. samples *10, *70) and at the start of each batch.
Verification of sampling and assaying	▪ The verification of significant intersections by either independent or alternative company personnel. ▪ The use of twinned holes. ▪ Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. ▪ Discuss any adjustment to assay data.	• Coffey conducted a site visit in August 2013, during the drilling program, observing all drilling procedures. All procedures were considered industry standard, well supervised and well carried out. • Geological data is entered directly into a “tough book” (logging tablet). The data is then downloaded to a computer where it is compiled into an access database. • Assay data is provided as /csv files from the laboratory and extracted through a query into the assay table, eliminating the chance of data-entry errors. Spot checks are made against the laboratory certificates. Datashed is used for final assay importation. • 3 RC holes have been planned to twin the 2013 diamond drilling.
Location of data points	▪ Accuracy and quality of surveys used to locate drillholes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. ▪ Specification of the grid system used. ▪ Quality and adequacy of topographic control.	• Collar positions were set out using a Handheld Garmin GPS with reported accuracy of 3m. Two pegs lined up using a Suunto compass were used to align the rig. Historic holes were drilled on the Tanzanian ARC60 grid. Cradle Resources are using WGS84, UTM36S. • Downhole surveys were taken using a Reflex electronic multi shot instrument. Collar surveys were taken using a compass and inclinometer. Whilst there is the possibility of deviations in the recorded azimuth due to the presence of magnetite in the carbonatite, overall the surveys showed only minor deviations in azimuth and dip. There is no apparent trend to the deviations based on drilling direction. • The surface topography used in the resource is derived from the local topography map at 1:3000 scale • A surveyor will be used to locate all drillholes at the end of the program.
Data spacing and distribution	▪ Data spacing for reporting of Exploration Results. ▪ Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied. ▪ Whether sample compositing has been applied.	• The drillholes are spaced on a nominal 50m to 100m spacing; with 50m section lines. • The 2014 drilling had a nominal sample length of 1m for diamond and 2m for RC. • The data spacing is considered suitable for resource estimates.
Orientation of data in relation to geological structure	▪ Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type. ▪ If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	• The distribution of pyrochlore and hence of niobium within the carbonatite is fairly uniform for the lower grade material. Higher grade areas occur in the steeply dipping schlieren (flow banding), particularly in the magnetite rich zones. The recent drilling has been oriented with a dip of 60° with an azimuth of 045 degrees, which is considered acceptable to test the mineralisation.

Criteria	JORC Code Explanation	Commentary
Sample security	▪ The measures taken to ensure sample security.	• Samples from the 2014 drilling were placed into small plastic bags with the pre-printed sample number. These bags were stapled shut in the core yard. The samples were then put into large polyweave or plastic bags with approximately 10 samples per bag. These were sealed shut using tape prior to being transported to the SGS preparation laboratory in Mwanza (northern Tanzania)
Audits or reviews	▪ The results of any audits or reviews of sampling techniques and data.	• Coffey conducted a site visit during the drilling program in August 2013. The sampling techniques were reviewed and found to be of industry standard and entirely appropriate for this type of deposit.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section).

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	▪ Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings. ▪ The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	▪ The project area is located on three granted MLs (ML237/2006, 238/2006 and 239/2006) located approximately 25km WSW of regional capital of Mbeya, in southern Tanzania. The three MLs cover an approximate area of 22km^2. Cradle Resources holds a 49% interest in all three MLs through it's ownership of Panda Hill Mining Pty Ltd (PHM). RECB Ltd (a BVI company) owns the three Panda Hill MLs, PHM owns 49% of RECB Ltd and has an option to purchase the remaining 51%. It is understood that a 3% royalty may be payable to the Tanzanian Government once mining has started. The license is not subject to any 3rd party agreements. ▪ The resource on ML237/2006 and ML238/2006 are located within a region of designated Prison grounds. The Resource itself is removed from any buildings or infrastructure. RECB has entered into negotiations with the Tanzanian Government to move portions of the prison infrastructure if mining commences. As the location of the resource is located within the prison boundaries, only the prison-related community would be directly affected by any potential mining activities. ▪ The three granted MLs are current until 16 November 2016. Cradle Resources has obtained permission to operate on these areas and is not aware of any impediment for future operations.
Exploration done by other parties	▪ Acknowledgment and appraisal of exploration by other parties.	▪ The Panda Hill Niobium project has been explored since the 1950s. The Geological Survey of Tanzania (GST) and Mbeya Exploration Company (MBEXCO) drilled 83 diamond drillholes for a total depth of 5,187m in the Panda Hill project area in the 1950s and early 1960s. Yugoslavian company RUDIS, in joint venture with the State Mining Company of Tanzania (STAMINCO), drilled 13 diamond drill holes for a total of 1,305m in the period of 1978 to 1980. These holes were drilled on a 100m x 100m spaced centres on the Tanzanian ARC60 grid. Drillhole logs and assays are available for the historic drilling. Laboratory certificates have been sighted for the GST drilling and original data printouts have been obtained for the RUDIS drilling.
Geology	▪ Deposit type, geological setting and style of mineralisation.	▪ The project is characterised as a carbonatite hosted niobium deposit. The bulk of the Panda Hill niobium mineralisation is found within pyrochlore and lesser columbite. The bulk of the known mineralisation is located within carbonatite lithologies, with Nb_2O_5 grades typically ranging from 0.1% to 1%. Higher-grade niobium mineralisation is noted within flow-banding (schlieren) within the carbonatite and within the surficial weathered

Criteria	JORC Code explanation	Commentary
		cap.
Drillhole Information	▪ A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drillholes: ▫ easting and northing of the drillhole collar ▫ elevation or RL (Reduced Level – elevation above sea level in metres) of the drillhole collar ▫ dip and azimuth of the hole ▫ down hole length and interception depth ▫ hole length ▪ If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.	▪ Drillhole coordinates and orientations are provided in Table 1 of this report. ▪ This statement relates to Exploration Results.
Data aggregation methods	▪ In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated. ▪ Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail. ▪ The assumptions used for any reporting of metal equivalent values should be clearly stated.	▪ Exploration results have been quoted above a nominal 0.35%Nb_2O_5 cut off, and with less than a nominal 4m of internal dilution. No top-cuts were used as these were not deemed to be required. ▪ Meal equivalents were used to explain the assay results in context to Au and Cu to make it easier for a layperson to understand the potential economic consequences of the results. There is no economic Cu or au in the deposit. The method for estimating metal equivalents is shown on page 1 of the document.
Relationship between mineralisation widths and intercept lengths	▪ These relationships are particularly important in the reporting of Exploration Results. ▪ If the geometry of the mineralisation with respect to the drillhole angle is known, its nature should be reported. ▪ If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').	▪ The bulk of the drilling is at right angles to the understood strike of mineralisation and to the dip of the mineralisation. It is estimated that the quoted intercepts would be between 80 and 100% of the true width of the mineralisation. ▪ Considerable surface structural mapping has been undertaken to optimize the drillhole directions.
Diagrams	▪ Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drillhole collar locations and appropriate sectional views.	▪ A drillhole plan and accompanying cross-sections are provided in Figures 1 and 2 of this report.
Balanced reporting	▪ Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.	▪ The exploration results have been reported above a nominal 0.35% Nb_2O_5 lower cutoff and short reporting intervals have been avoided wherever possible. This method results in intervals which should have bearing on potential future economic extraction. Intervals not reported should be considered effectively mineralised to the level of economic interest. ▪
Other substantive exploration data	▪ Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.	▪ Detailed geological mapping has been conduction by the Tanganyika Geological Survey in the 1950s and RUDIS in the 1980's. Two papers detailing the geology of the Panda Hill carbonatite were subsequently published in Economic Geology. ▪ Cradle conducted geological mapping at the same time as the drilling program. Both the recent and historic mapping provide information relating to the orientation of the flow banding within the carbonatite. ▪ Metallurgical testwork has been conducted by MBEXCO

Criteria	JORC Code explanation	Commentary
		and RUDIS in the past. MBEXCO also conducted trial mining. Cradle has undertaken metallurgical testwork on the mineralized carbonatite material. At the time of writing the results are not available, however there is no reason to suspect they will be materially different from the historic testwork results.
Further work	▪ The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling). ▪ Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	▪ The current drill program is aimed at producing an improved Resource estimate to higher levels of confidence and to enable for e more detailed metallurgical and lithological/weathering model to be generated. ▪ A magnetic survey has been commissioned over the project which will aid in the understanding of the broader structures resent within the deposit.